

Message Text

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PAGE 01 MTN GE 06243 031524Z

43

ACTION STR-04

INFO OCT-01 ARA-06 IO-13 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 XMB-02 OPIC-03 /104 W
----- 116732

P R 031445Z AUG 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1819

INFO AMEMBASSY BRASILIA

LIMITED OFFICIAL USE MTN GENEVA 6243

ACTION STR

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJ: TRADE POLICY TEAM VISIT TO LATIN AMERICA - BRAZIL

REF: STATE 185787

1. US MTN DEL KNEPPER) DISCUSSED PROPOSED VISIT OF
AMBASSADOR YEUTTER TO BRASILIA WITH BRAZILIAN MTN DELS
(BARTHEL-ROSA AND MEDEIROS). BRAZILIAN MTN DELS
AGREED IT WOULD BE USEFUL TO FOCUS DISCUSSIONS ON A
FEW SUBJECTS IN DEPTH AND SAID THEY WERE RECOMMENDING
TO BRASILIA FOLLOWING TOPICS BE DISCUSSED:

(A) TROPICAL PRODUCTS - US REQUEST FOR CONTRIBUTIONS
IN TP GROUP HAD RAISED ISSUE OF LDC RECIPROCITY.
BRAZILIANS BELIEVED ISSUE SHOULD BE DISCUSSED AS TO
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PAGE 02 MTN GE 06243 031524Z

HOW BRAZIL COULD PAY FOR CONCESSIONS, NOTING DIFFICULTIES

IN MAKING CONCESSIONS IN VARIOUS AREAS OF THE MTN (GIVEN LIMITED SCOPE FOR CONCESSIONS) BEFORE FULL PACKAGE OF MTN AGREEMENTS WAS KNOWN. ISSUE OF RECIPROCITY WOULD ALSO PRESUMABLY ARISE IN OTHER MTN GROUPS, AND BRAZILIAN MTN DELS BELIEVED IT IMPORTANT TO BEGIN TO DISCUSS QUESTION OF THE AREAS OF THE MTN IN WHICH US WOULD EXPECT SOME MEASURE OF RECIPROCITY FROM BRAZIL SO AS TO AVOID "SURPRISES".

(B) FRAMEWORK REFORM PROPOSAL - BRAZILIAN DELS NOTED GOB WOULD BE VERY INTERESTED IN DISCUSSING TIMETABLE FOR FUTURE CONSIDERATION OF PROPOSAL WITH AMBASSADOR YEUTTER, STATING THAT BRAZILIAN MTN DEL WAS VERY FIRM IN ITS GOAL THAT FRAMEWORK REFORM GROUP SHOULD BE ESTABLISHED IN OCTOBER BY TNC MEETING. CONCERNING FOUR SUGGESTED TOPICS FOR INITIAL CONSIDERATIONS IN ITS PROPOSAL, BRAZIL DELS NOTED THAT ITS PROPOSED DISCUSSION OF RECIPROCITY DID NOT REFER TO RECIPROCITY IN PRESENT ROUND OF TRADE NEGOTIATIONS, AS THIS HAD BEEN AGREED UPON IN TOKYO, BUT THEIR PROPOSAL WAS THAT THE OVERALL QUESTION OF RECIPROCITY IN THE FUTURE, AFTER THE MTN, BE DISCUSSED AND HOPEFULLY CLARIFIED.

(C) SAFEGUARDS - GOB MTN DELS WOULD LIKE FULLER DISCUSSION OF US SAFEGUARD PROPOSAL, ESPECIALLY AS CONCERNS ITS IMPLICATIONS FOR MORE ADVANCED LDCS, NOTING THEY HAD SOME PROBLEMS WITH GRADUATION CONCEPT. THEY WERE APPREHENSIVE AFTER US STATEMENT THAT SAFEGUARD TREATMENT FOR MORE ADVANCED LDCS WOULD BE DIFFERENT FROM THAT FOR OTHER LDCS.

(D) TARRIFFS - BRAZIL DELS HOPED US WOULD BE ABLE TO AGREE ON ELEMENTS OF SPECIAL AND DIFFERENTIATED TREATMENT IN TARIFFS GROUP FOR LDCS PRIOR TO BEGINNING OF BILATERAL PRODUCT NOTIFICATION PROCEDURE. THIS WAS IMPORTANT FOR BRAZIL IN DECIDING WHICH MEASURE TO ASK FOR ON EACH PRODUCT. THEY BELIEVED ISSUE OF US EXPECTATIONS FOR LDC RECIPROCITY IN TARIFFS SHOULD ALSO BE DISCUSSED. THEY NOTED GOB MIGHT WISH TO RAISE WITH AMBASSADOR YEUTTER LIMITED OFFICIAL USE

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PAGE 03 MTN GE 06243 031524Z

PROPOSAL FOR NEGOTIATING LIMITED NUMBER OF US GSP CONCESSIONS IN EXCHANGE FOR UNBOUND BRAZILIAN MFN CONCESSIONS WHICH USG HAD REJECTED (SEE MTN GENEVA 6108).

2. BRAZIL DELS SAID ABOVE FOUR AREAS WOULD BE THEIR RECOMMENDATION TO BRAZILIA FOR POSSIBLE DISCUSSION. OTHER AREAS WERE IMPORTANT, ESPECIALLY SUBSIDIES AND

COUNTERVAILING DUTY CODE, BUT BRASIL DELS DID NOT HAVE ANY NEW PROPOSALS TO MAKE IN THIS AREA BUT WOULD BE INTERESTED IN RECEIVING ANY FURTHERUS ELABORATION ON ITS PROPOSALS. MEANWHILE, CANADA'S (AMBASSADOR GREY) DRAFT CODE, PROMISED FOR THE FALL, APPEARED TO BE LOGICAL NEXT STEP.

3. US MTN DEL COMMENTS: (A) QUANTITATIVE RESTRICTIONS" BRAZILIAN DEL CONTINUES TO REFUSE TO CONSULT BILATERALLY UNTIL AGREEMENT IS REACHED IN THE QR GROUP AS TO PROCEDURES TO PROVIDE "SPECIAL AND DIFFERENTIAL" TREATMENT FOR LDCS. US MAY WISH USE VISIT TO REITERATE IMPORTANCE OF HOLDING CONSULTATIONS TO EXCHANGE INFORMATION UNDER QR SUBGROUP PROCEDURES.

(B) STANDARDS CODE - BRAZIL IS FOLLOWING CLOSELY AND HAS SENT EXPERT FROM CAPITAL FOR LAST TWO MEETINGS OF GROUP.

(C) LICENSING - IN ADDITION TO IMPORT CERTIFICATE REQUIREMENTS, BRAZIL MAINTAINS "LAW OF SIMILARS" THAT OPERATES LIKE A DISCRETIONARY LICENSING SYSTEM. US MAY WISH INQUIRE AS TO GOB'S WILLINGNESS TO ALTER THESE IMPORT RESTRICTIVE SYSTEMS, PARTICULARLY WITH RESPECT TO SPECIFIC ITEMS.CULBERT

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